



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801


801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

April 2, 2002

TO: Wayne Hedberg, Minerals Permit Supervisor

FROM: Steve Schneider, O&G Audit Manager 

RE: 2001 Utelite Corporation Financial Statements

Per your request, I have reviewed the 2001 Utelite Corporation ("Utelite") financial statements. Utelite continued to be a profitable company, but they did significantly change their corporate financial structure in 2001. Utelite purchased the stock held by two shareholders which was mainly financed through new long-term debt, thereby causing net worth to decrease and long-term debt to increase.

The following financial information is provided for your review regarding 2001:

1. The current ratio increased to 3.82 in 2001 from 3.2 in 2000. The 2001 current ratio is less than the December 1988 standard of 9.61; however, Utelite maintains a current ratio which is 218% higher than the Board's normal standard of 1.2 or greater.
2. The total liability to net worth ratio increased substantially in 2001 to 1.37 from .30, due to the stock repurchase and new long-term debt discussed above. The 2001 ratio is greater than the Board's December 1988 standard of .08 or less, but is less than the Board's normal standard of 2.5 or less.
3. Net fixed assets decreased in 2001 by 13% due primarily to depreciation in 2001. Fixed assets in 2001 are 171% above the 1988 level.
4. Tangible net worth decreased by 54% in 2001 due to the stock repurchasing. Tangible net worth is 26% above the 1988 level.
5. Utelite recorded net income in 2001 of \$319,078. Net income has averaged \$232,083 annually during the last five years.

If you have any questions on the above comments or the attached financial ratios, please let me know.

Attachment

cc: John Baza

Utelite Financial Ratio Review

	<u>12/88</u>	<u>12/94</u>	<u>12/95</u>	<u>12/96</u>	<u>12/97</u>	<u>12/98</u>	<u>12/99</u>	<u>12/00</u>	<u>12/01</u>
CUR ASSETS/CUR LIABILITIES Normal std of 1.2 or greater Board req'd 12/88 maintained	9.61	2.77	2.43	2.16	2.36	3.12	3.02	3.20	3.82
TOTAL LIAB./NET WORTH Normal std of 2.5 or less Board req'd 12/88 maintained	0.08	0.13	0.18	0.65	0.82	0.52	0.39	0.30	1.37
FIXED ASSETS Normal std of \$20 million Board did not require	603,208	1,485,834	1,426,262	2,773,550	2,299,158	2,002,510	1,912,495	1,884,151	1,632,904
TANGIBLE NET WORTH Normal std of \$10 million Board did not require	1,030,746	2,440,981	2,406,078	2,608,347	2,066,071	2,306,260	2,617,496	2,843,417	1,301,853
NET INCOME For information only	66,018	280,836	231,760	330,121	(387,276)	250,532	439,607	538,473	319,078

SLS
04/02/2002